

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-11 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, CA
SUBJECT: US/CANADIAN DISCUSSION ON SUBSIDIES/
- COUNTERVAILING DUTIES

1. IN COURSE OF DISCUSSIONS BETWEEN AMB. GREY AND
AMB. MCDONALD ON JUNE 7, THE ISSUE OF SUBSIDIES AND
COUNTERVAILING DUTIES (CVD'S) WAS RAISED. GREY EX-
PRESSED HIS CONCERN ABOUT THE U.S. LEGISLATION WHICH
WOULD REFLECT ANY INTERNATIONAL AGREEMENT ON SUBSIDIES
AND CVD'S PARTICULARLY WITH RESPECT TO THE INJURY
REQUIREMENT. HE SUGGESTED THAT THE U.S. SHOULD BEGIN
FORMULATING DRAFT LANGUAGE FOR ITS DOMESTIC LEGISLATION
ON CVD'S SO THAT PARTICIPANTS IN THE NEGOTIATIONS
CAN BE ASSURED THAT THE U.S. WILL FOLLOW THE GUIDELINES
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ESTABLISHED BY THE INTERNATIONAL AGREEMENT. MCDONALD
COUNTERED BY SAYING THE U.S. MIGHT WELL REEXAMINE ITS
DOMESTIC PROCEDURES FOR INJURY; THEREFORE, CP'S SHOULD
NOT ASSUME THAT AN INJURY REQUIREMENT WOULD AUTO-
MATICALLY FOLLOW TODAY'S PROCESSES, PARTICULARLY IF
THE POSTURES OF OTHER COUNTRIES PUT THE U.S. AT A DIS-
ADVANTAGE.

2. WHEN GREY ACCUSED EXCLUSIVE RELIANCE ON BILATERALS WITH EC ON APPROACH TO SUBSIDIES/CVD, MCDONALD DISMISSED THIS EXAGGERATION BY POINTING OUT THAT THE U.S. HAS BEEN ENGAGED IN INFORMAL DISCUSSIONS WITH ALL KEY PARTICIPANTS IN THE MTN, INCLUDING CANADA, IN ORDER TO MOVE THIS ISSUE FORWARD. HE OBSERVED, HOWEVER, THAT THE EC AND U.S. POSITIONS WERE SO FAR APART THAT SUBSTANTIAL BILATERAL PROGRESS IS NEEDED BEFORE THERE WOULD BE A REASONABLE BASIS FOR MORE IMPROVEMENT THAN THE PLURILATERAL SESSIONS ALREADY UNDERWAY.

3. SUBSIDIES: GREY ASSERTED THAT THE U.S. DRAFT DEFINITION ON EXPORT SUBSIDIES IS "GROSSLY INADEQUATE." U.S. DEL EXPRESSED ITS OPENNESS TO RECEIVE ANY SUGGESTIONS THAT HE MAY HAVE FOR IMPROVEMENTS. GREY THEN MOVED TO DOMESTIC SUBSIDIES SAYING THAT THIS IS THE HEART OF THE SUBSIDIES ISSUE AND THAT THE RULES CONTAINED IN THE PRESENT DRAFT DO NOT APPEAR TO BE ADEQUATE. GREY MADE HIS USUAL PITCH FOR SOME "REAL OBLIGATIONS" ON DOMESTIC SUBSIDIES WHICH, TRANSLATED FROM ANOTHER POINT OF VIEW, MEANS FREE REIGN TO TO USE SUCH SUBSIDIES UP TO A SPECIFIED LIMIT WITHOUT BEING IN JEOPARDY OF COUNTERVAILING DUTIES. U.S. DEL NOTED THAT THRUST OF BASIC APPROACH AT THIS STAGE IS THE EFFECTS OF SUBSIDIES RATHER THAN SUBSIDIES PER LIMITED OFFICIAL USE

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SE. THUS, ANY SUBSIDY IS OBJECTIONABLE IF IT CAUSES HARM, REGARDLESS OF WHETHER IT FALLS WITHIN ARBITRARY LIMITS.

3. U.S. DEL PROMISED TO INCLUDE CANADA IN CONTINUING CONSULTATIVE PROCESS ON SUBSIDIES/CVD AND DREW ATTENTION TO PLURILATERAL SESSION SCHEDULED FOR JUNE 14.

4. DRAFTED BY NEWKIRK. MCDONALD

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NNN

Message Attributes

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